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Clues were ignored: Iran probe

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WASHINGTON — Weeks before the Iran-Contra connection was publicly disclosed, there was growing evidence in the CIA from intelligence intercepts and other sources suggesting funds had been diverted from the Iran arms sales to the Contras, congressional investigators revealed yesterday.

Aides to CIA Director William Casey reportedly had suspicions that the diversion was taking place even before Casey says he got his first tip on Oct. 7 from a long-time associate, New York businessman Roy Furmark.

Casey testified to the House Foreign Affairs Committee that Furmark told him that Canadian investors who helped finance the arms deal had not been repaid and were threatening to blow the whistle by going to court.

Questioned North

He said he asked National Security Council officials John Poindexter and Oliver North about Furmark's claim and they assured him nothing improper was taking place.

However, Casey also commissioned deputies to look into the matter and they later produced a report for him around Oct. 25 detailing their suspicions.

It could not be learned whether Casey's aides directly raised their suspicions about the cash diversion with him before Oct. 7. Nor is it clear whether the diversion issue was seriously addressed in the October report.

CIA deputy director Robert Gates, acting director while Casey recovers from surgery for a malignant brain tumor, told the Senate Intelligence Committee that North, who was the mastermind of the diversion plan, made a clear reference to the diversion in a luncheon meeting on Oct. 9 or 10. But Casey told the House panel he did not recall North's comments.

Told Meese in Nov.

Casey did not turn the report over to Attorney General Edwin Meese—the chief law enforcement official looking into the scam—until Nov. 24 or Nov. 25, the time Meese disclosed the wheeling and dealing to the world.

The issue of what Casey and the CIA knew, when they knew it and whether they acted properly when they became aware of potentially criminal behavior is a major element of the scandal.

There were two main bodies of evidence suggesting the Contras were getting some of the booty from the Iran arms sale as early as late spring or early summer, according to sources close to the intelligence community.

The first came from field operatives and observations in Central America, which indicated that the woefully outgunned Contras had started replenishing depleted weapons supplies.

Casey suggested that he believed the new weapons had been bought through the private contributions during the time that the Reagan administration was barred by Congress from sending direct military aid.

Yet at the same time, intelligence intercepts of the

financial transactions relating to the Iran arms deals also reportedly were ending up on Casey's desk.

"If you were looking for it (the diversion) and had the slightest curiosity and intellect, you could have put two and two together," said one Senate source. "The same people who were running the arms sales were also the same people supplying the Contras. They all had direct connections to the CIA and to Ollie North. It just wasn't that hard to figure out."

One of the reasons suggested for the CIA's possible laxity in this case is that Reagan administration officials did not want to know how the Contras were getting help. "Director Casey's attitude seems to be see no evil, hear no evil, speak no evil when it came to knowing about the Contras," said Rep. Stephen Solarz (D-Brooklyn).